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**Budget - Republican Resolution  
1999**



Cynthia A. Rice

03/23/99 12:24:24 PM

Record Type: Record

To: See the distribution list at the bottom of this message

cc:

Subject: Domenici/Kasich Resolutions on Tobacco

----- Forwarded by Cynthia A. Rice/OPD/EOP on 03/23/99 12:26 PM -----

Daniel N. Mendelson

03/23/99 12:00:51 PM

Record Type: Record

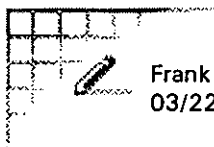
To: Cynthia A. Rice/OPD/EOP, Joshua Gotbaum/OMB/EOP, Ingrid M. Schroeder/OMB/EOP, Frank J. Seidl III/OMB/EOP

cc:

Subject: Domenici/Kasich Resolutions on Tobacco

fyi.

----- Forwarded by Daniel N. Mendelson/OMB/EOP on 03/23/99 12:00 PM -----



Frank J. Seidl III  
03/22/99 05:04:57 PM

Record Type: Record

To: Daniel N. Mendelson/OMB/EOP@EOP

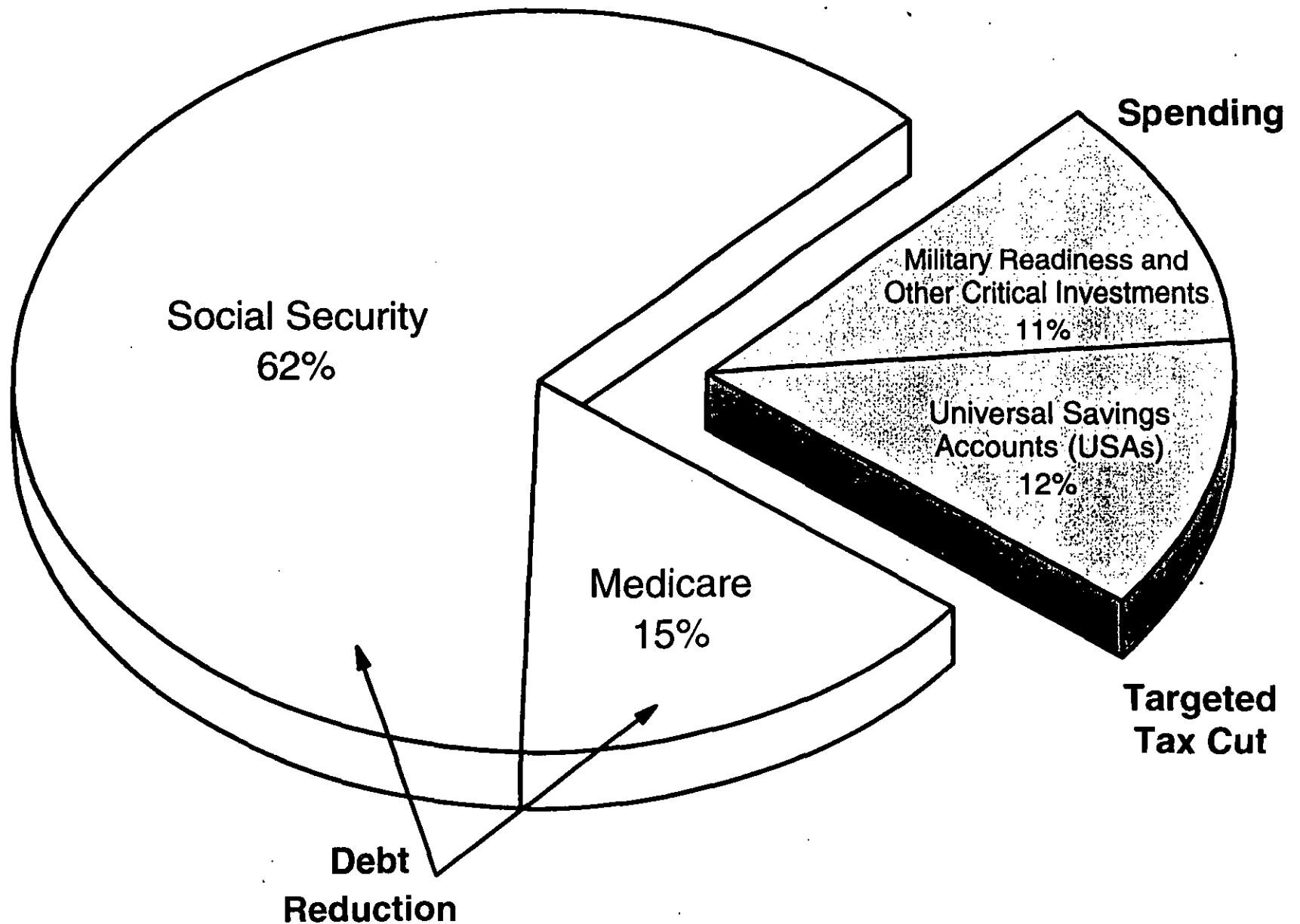
cc: Barry T. Clendenin/OMB/EOP@EOP, Richard J. Turman/OMB/EOP@EOP, Thomas Reilly/OMB/EOP@EOP

Subject: Domenici/Kasich Resolutions on Tobacco and Welfare

Cynthia Rice had asked whether we had any information on what, if anything, the House and Senate Resolutions might do in tobacco. Based on the materials we have seen, neither resolution appears to include the Budget's tobacco tax increase or recoupment policies, nor specifically addresses tobacco-related programs in the discretionary funding allocations.

Information on both resolutions is generally available for only broad functional categories, so it is difficult to be precise about effects on specific programs. However, since the Senate resolution could produce a 12.2 percent across-the-board reduction for non-defense discretionary (NDD) funding, the President's proposed increases for tobacco spending in CDC and FDA would be in jeopardy. Information available on the House resolution is very limited at this point and it is not possible to speculate what its effects might be.

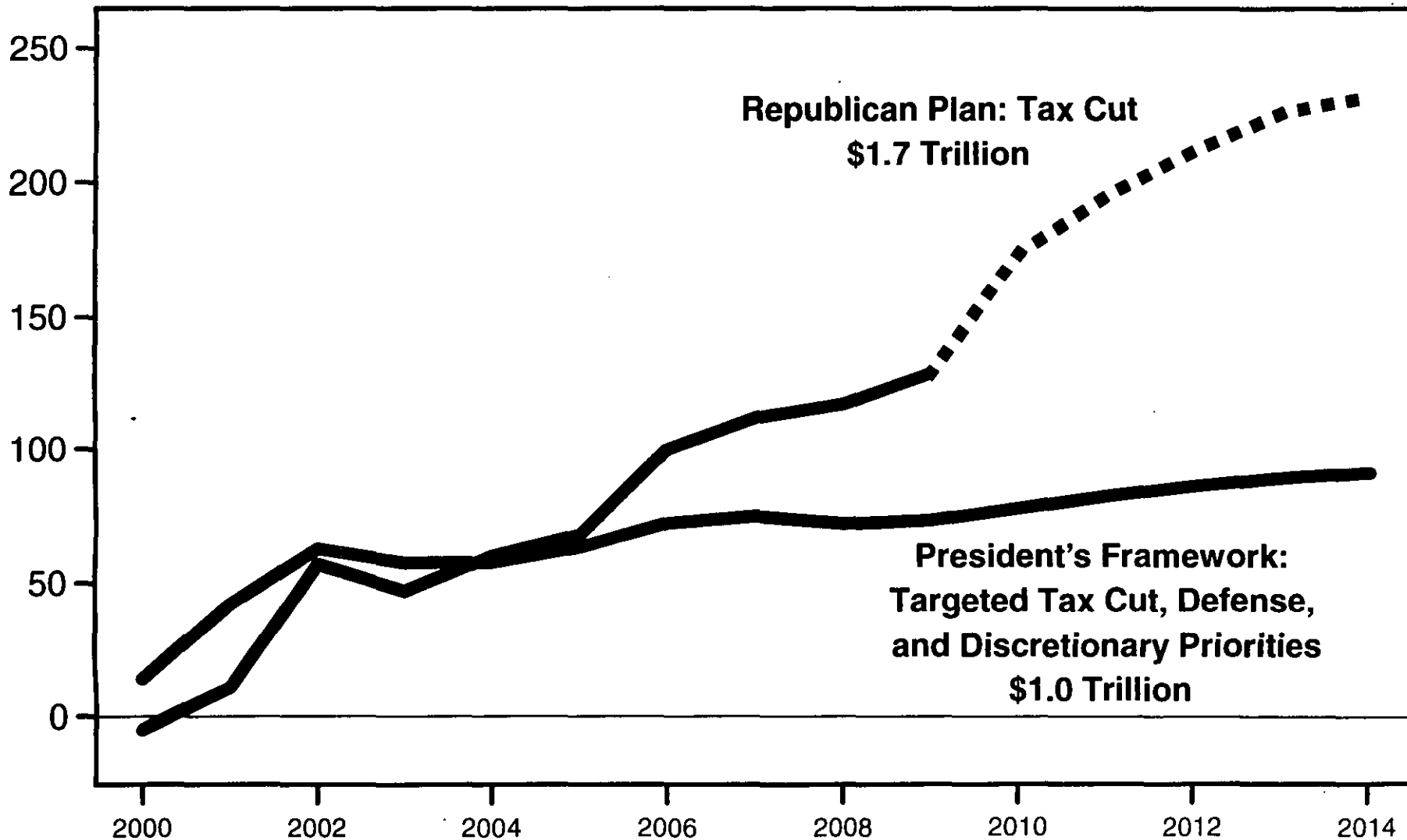
# Framework for Social Security and Medicare Reform with Long-Term Fiscal Discipline



Budget - Republican resolution 1999

# Republican Plan Allows Large Tax Cuts Instead of Funding Medicare

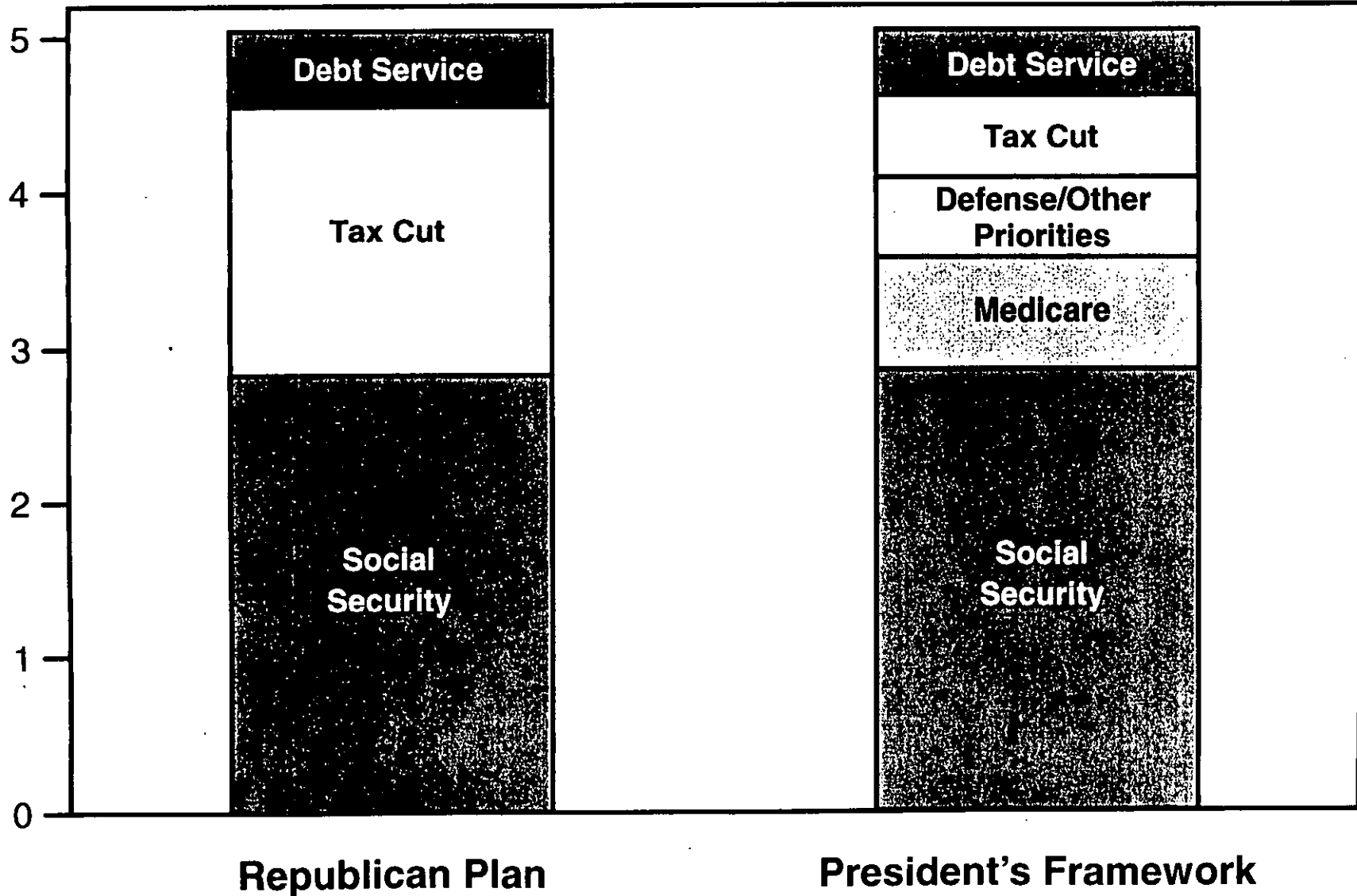
DOLLARS IN BILLIONS



# Republican Tax Cut Squeezes Out All Other Priorities Over the Next Fifteen Years

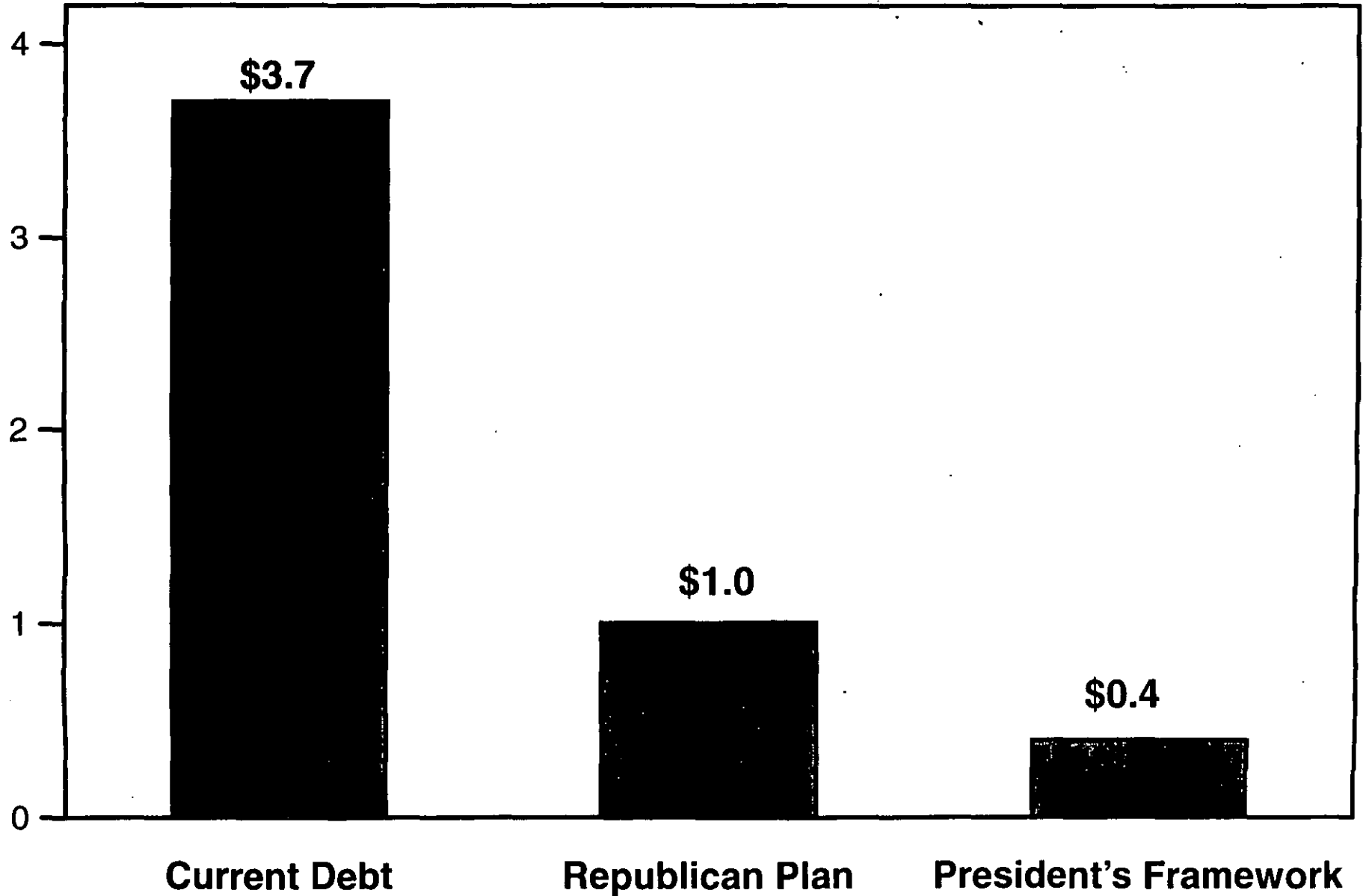
(Allocation of Unified Budget Surplus)

TRILLIONS OF DOLLARS



# President's Framework Reduces Publicly Held Debt

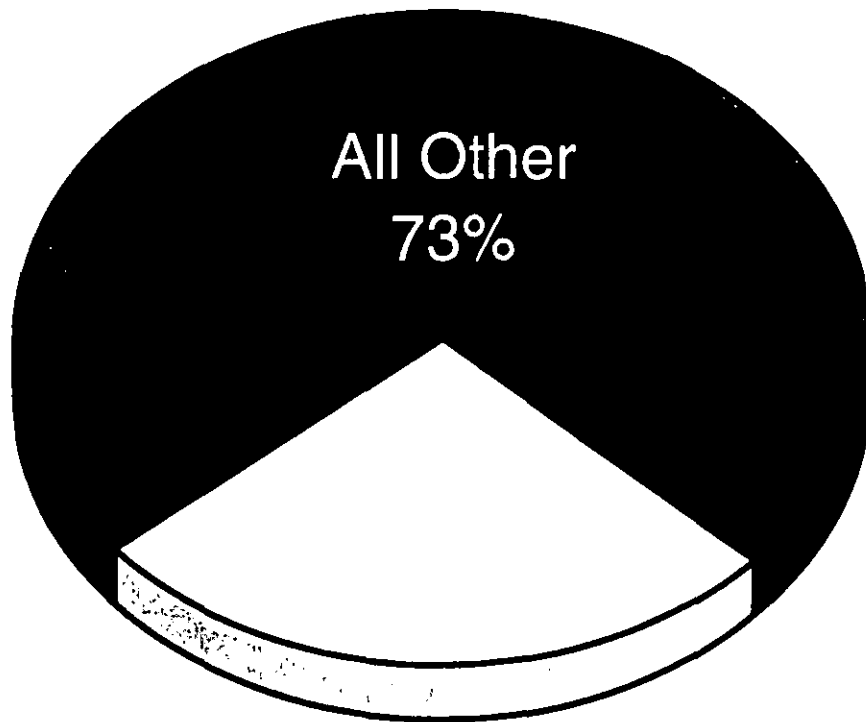
TRILLIONS OF DOLLARS



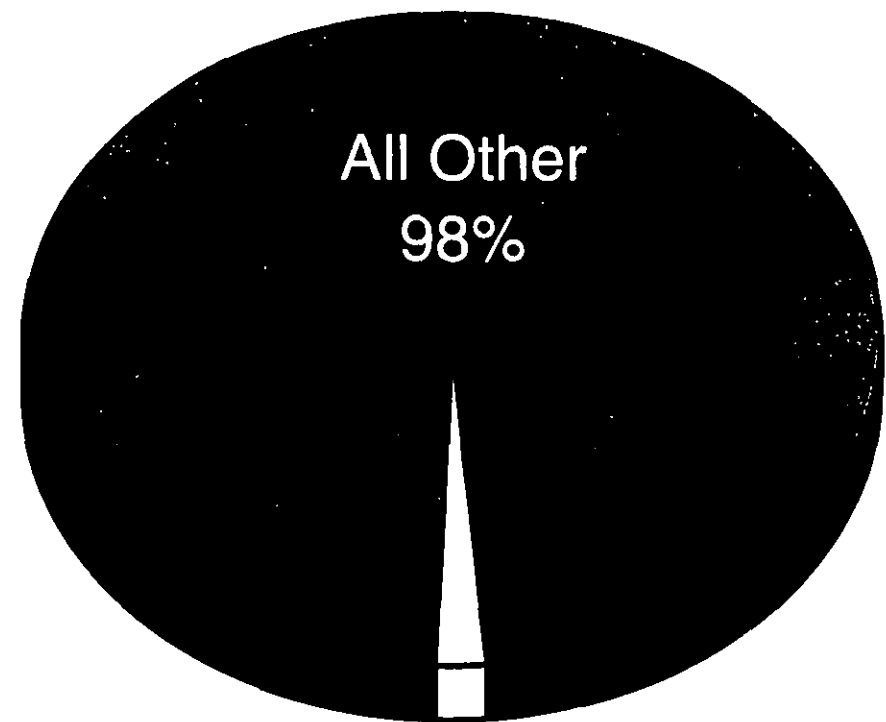
# Interest as a Percent of Outlays in 2014

Pre-1993 Baseline

President's Proposal



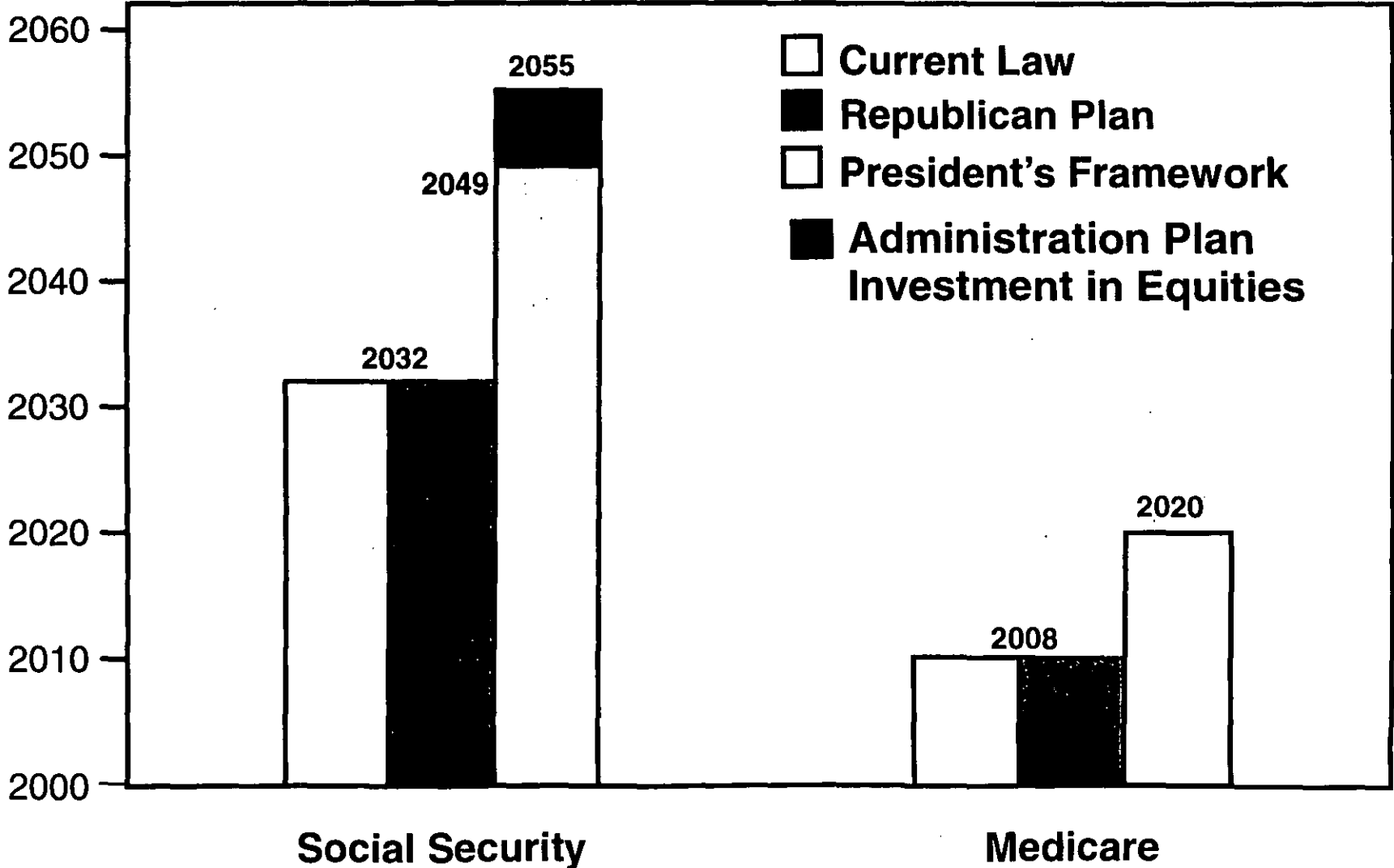
Interest  
27%



Interest  
2%

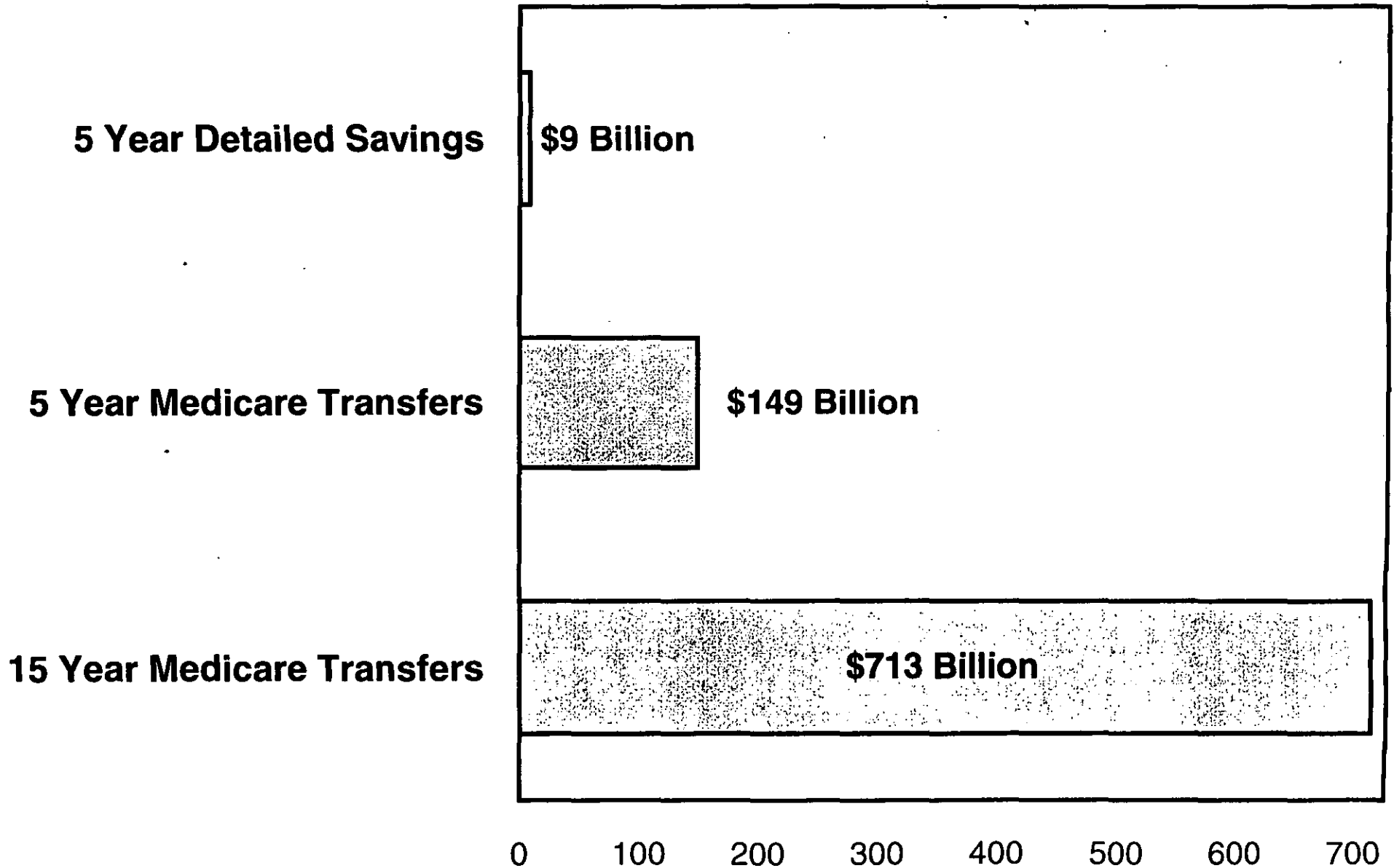
# Republican Budget Fails to Extend Solvency of Social Security and Medicare

TRUST FUND SOLVENCY



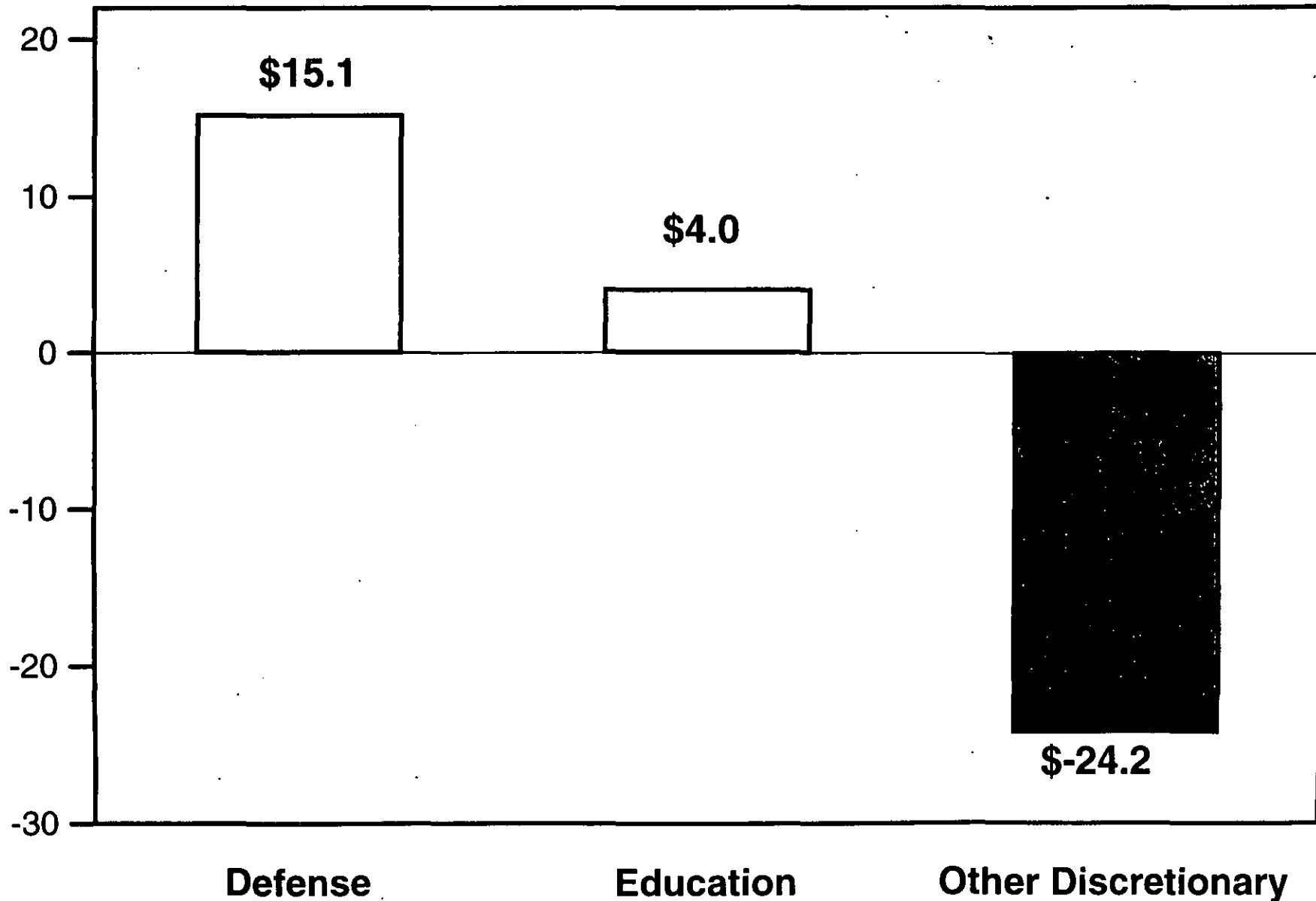


# Medicare Savings Proposals Difficult



# Republican Plan Requires Deep Cuts in Discretionary Spending

(Budget Authority in billions of dollars)



# **Human Impact of a 9.3% Cut to Non-Defense Discretionary Funding**

- 76,000 children would lose Head Start services
- 2,100 agents could be cut from the FBI
- Over one million low-income women, infants, and children would lose nutrition assistance each month
- 271,000 veterans would be denied medical treatment

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## **Republican Budget Fails to Extend Solvency of Social Security and Medicare and Dramatically Cuts Key Priorities**

March 18, 1999

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Building on the success of six years of fiscal discipline and the virtuous economic cycle it created, President Clinton has proposed a budget that includes a more than \$3.4 trillion debt reduction lock-box that extends the solvency of Social Security until 2055 and extends Medicare's solvency for more than a decade. It invests in education and a cleaner environment, and provides a pro-savings tax cut to help American families build wealth through new Universal Savings Accounts (USAs). The Republicans have responded by proposing a budget that:

- Fails to extend the solvency of Medicare and Social Security.
- Forces dramatic cuts in key priorities -- more than 10% in 2000 and more than 20% in 2004.
- Chooses instead a large tax cut targeted away from the middle class.

### **Fails to Extend Medicare Solvency**

A year ago, in a radio address response [February 7, 1998], Chairman Domenici said, *"I believe that we should save Medicare first."* In the Senate Budget Committee, he said, *"for every dollar you divert to some other program you are hastening the day when Medicare falls into bankruptcy."* [Committee on Budget Mark-up, March 18, 1998] President Clinton's plan allocates 15 percent of the surplus over 15 years (or \$686 billion) to Medicare, and extends its solvency by more than a decade. Congressional Democrats share the President's determination to allocate 15 percent of the surplus for Medicare. However, the Republican budget:

- Does not extend Medicare solvency by one day.
- Does not set aside even one penny of the surplus to strengthen Medicare.

### **Fails to Extend Social Security Solvency**

- The Republican budget would do nothing to extend the solvency of Social Security. President Clinton's plan, according to the Social Security's independent actuary, extends the solvency of Social Security until 2055. Even if the Republican budget carries out any debt reduction, it does not apply the

benefits of this debt reduction to Social Security. The solvency of Social Security is not extended by one day. At the same time, the Republicans are placing top priority on a tax cut that explodes in cost right when the baby boom approaches retirement.

- The Republican lock-box's debt mechanism would *"preclude the United States from meeting its future obligations to repaying maturing debt and to honor payments -- including benefit payments -- and could also run the risk of worsening a future economic downturn."* [letter from Secretary Rubin to Senator Daschle, March 17, 1999].

### **Forces Dramatic Cuts in Key Priorities: More than 10% in 2000 and roughly 25% in 2004**

The Republican budget dramatically cuts the funds available for key domestic priority programs that have in the past received bipartisan support. The severity of these required cuts demonstrates that the Republican budget is unrealistic and unworkable. After factoring in Republican commitments made in their budget -- on tax cuts, defense, education, NIH -- **remaining programs would be slashed more than 10 percent in 2000 and more than 20 percent in 2004.** If cut across-the-board, the Republican budget could mean that in 2000 alone:

- Up to 100,000 children would lose access to **Head Start**.
- About 2,700 FBI agents would be cut.
- More than 1.2 million low-income women, infants, and children would lose **WIC** nutrition assistance.
- More than **73,000 summer jobs** and training opportunities would be eliminated for low-income young people.
- Implementation of IRS organizational restructuring, which was mandated by bipartisan IRS Reform, would be delayed one year.
- 1,000 meat and poultry inspectors would be laid off or furloughed, undermining **food safety**.
- Cuts to Health Resources and Services Administration's **health services** for women and children, uninsured people and people with AIDS could prevent 2.9 million people from receiving health care services.
- Tenant-based **rental assistance** would be denied to 1,300 families. Funds would be lost for new construction, rehabilitation, or acquisition of over 10,000 affordable housing units.

- About 1,350 Border Patrol agents would be cut and the number of detention beds to incarcerate criminal aliens and illegal border crossers would be reduced by 5,200.
- 7,500 low-income older Americans would lose their part-time jobs.
- Funding would be eliminated for the clean-up of 21 Superfund toxic waste sites -- needlessly jeopardizing public health for citizens living near affected sites and making it more difficult to meet the 900 site cleanup goal in 2002.
- The National Park Service budget would be cut by \$215 million. Most seasonal workers could not be hired, resulting in widespread cutbacks in visitor services, seasonal programs, and hours of operations at 378 park units serving almost 300 million visitors annually.

By 2004, the above cuts would be twice as severe -- more than 20 percent across the board. More than 200,000 children would lose access to Head Start, and more than 6,000 FBI agents would be cut -- and so on down the line.

### **Chooses Instead a Large Tax Cut Targeted Away from the Middle Class**

The Republican budget reserves the on-budget surplus for a tax cut. Moreover, any increase later this year in CBO's surplus projections would also go for a tax cut. In a list of possible tax cuts, the first one listed is the flagship Republican tax cut -- an across-the-board income tax cut. As noted by a wide range of observers, this tax cut would be targeted away from the middle class and disproportionately benefit taxpayers with extremely high incomes:

- Citizens for Tax Justice found that the top one percent of taxpayers, who have incomes above \$301,000, would receive a tax cut of \$20,697, compared to just \$99 a year for the bottom 60 percent of families.
- The Joint Tax Committee estimates that 48 million families would receive no tax cut at all.
- As Representative Nancy Johnson (R-CT) has said, *"when you do an across-the-board cut it tends to help the top earners the most."* [Washington Post, February 23, 1999]. And as Commentator George Will has observed: *"if you cut taxes across the board, the lion's share of the money is going to go to upper-income people."* [ABC's This Week, 2/14/99]

## The Republican Budget: Sacrificing Our Environment and Public Health

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*President Clinton is proposing a record \$33.9 billion in FY 2000 to protect our environment and public health, including major new initiatives to preserve America's lands legacy, combat air pollution and global warming, and help build livable communities for the 21st century.*

*The Republican budget not only fails to fund these environmental priorities, but imposes drastic cuts that would stop toxic waste cleanups, shut down national parks, cripple water quality programs, and heighten the risk of deadly wildfires.*

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*The Republican budget slashes funding for priority domestic programs 12 percent in FY 2000 and 28 percent in 2004. Across-the-board cuts **would have these devastating impacts on public health and the environment:***

- ▶ ***Stopping 135 Toxic Waste Cleanups*** - The Republican budget would cut Superfund by a total of \$1.5 billion over the next five years, needlessly jeopardizing public health by preventing as many as 135 priority cleanups nationwide -- 92 percent of the federally led cleanups planned.
- ▶ ***Shutting Down National Parks*** - Cuts to the National Park Service would reduce services and hours of operation at 378 parks and other facilities serving almost 300 million visitors a year. In FY 2004, \$575 million in cuts would shut down many smaller parks and backcountry areas in larger parks, and jeopardize visitor safety by blocking vital maintenance and repairs.
- ▶ ***Squandering Our Lands Legacy*** - By failing to fund the President's Lands Legacy initiative, the Republican budget would block federal efforts to preserve natural treasures, and deny states and communities \$588 million to protect farmland, coastland, urban parks and other green spaces.
- ▶ ***Slashing Water and Public Health Protections*** - By FY 2004, cuts to the Environmental Protection Agency would eliminate funding for the Clean Water Action Plan, which helps communities clean up the 40 percent of surveyed waters still too polluted for fishing or swimming; and let polluters off the hook by crippling EPA's ability to enforce public health protections.
- ▶ ***Gambling with Global Warming*** - Cuts to the Department of Energy and EPA would gut efforts toward cleaner, more efficient energy for homes, transportation, and industry; and keep the Partnership for a New Generation of Vehicles from meeting its goal of new cars three times more fuel-efficient than today's models by 2004.
- ▶ ***Crippling Wildlife Protections*** - Cuts to the Fish and Wildlife Service, National Oceanic and Atmospheric Administration, and Army Corps of Engineers would hamper salmon restoration in the Pacific Northwest, shut down wildlife refuges, and halt efforts to restore endangered species.
- ▶ ***Raising the Risk of Deadly Wildfires*** - FY 2000 cuts to the Forest Service and Bureau of Land Management would close some lands to the public and reduce firefighting capabilities. A total of \$700 million in FY 2004 cuts for these two agencies would cripple firefighting capabilities, jeopardizing lives and property throughout the West.

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## Republican Budget Shortchanges Urban America

March 19, 1999

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Building on the success of six years of fiscal discipline and the virtuous economic cycle it created, President Clinton has proposed a budget that includes a more than \$3.4 trillion debt reduction lock-box that extends the solvency of Social Security until 2055 and extends Medicare's solvency for more than a decade. It invests in education and a cleaner environment, and a stronger urban America.

To build on the President and Vice President's strong foundation of community empowerment initiatives -- which includes programs to promote greater access to capital and credit, more affordable housing, and spur the creation of private investment and job creation -- the FY2000 budget includes proposals to:

- ✓ Expand the Low Income and Housing Tax Credit.
- ✓ Make the brownfields tax expensing provision permanent.
- ✓ Create Better America Bonds to allow communities to create parks and open spaces.
- ✓ Spur private investment in distressed neighborhoods through a new markets initiative.
- ✓ Expand the welfare-to-work housing voucher program.

The Republicans have responded with a proposal that puts top priority on a tax cut which explodes in cost and is targeted away from the middle class. Because the tax cut is so large and consumes the entire on-budget surplus, the funds available for critical investments in urban America are squeezed dramatically:

**The Republican budget would require a more than 10 percent cut in 2000 and over 20 percent cut in 2004 unprotected discretionary programs.** This would have a devastating impact on programs critical to our urban areas:

- The cut to HUD's HOME program would deny tenant-based **rental assistance** to 1,300 families. Further, funds would be lost for new construction, rehabilitation, or acquisition of over 10,000 affordable housing units.
- The Republicans' reductions would wipe out the Administration's proposal of adding 100,000 new housing vouchers, including 25,000 to help move families from welfare to work, 18,000 for the homeless, and 15,000 for extremely low-income elderly.
- The **Community Development Financial Institutions Fund (CDFI)** would be reduced by over \$11 million, with the result that 16 fewer community development institutions (CDFIs) would receive capital funding and 12 fewer financial institutions would receive Bank Enterprise Act grants. By 2004, the Republican budget would reduce CDFI's funding by \$26 million, eliminating federal assistance to 37 CDFIs and 28 commercial CDFI lenders.

**A low priority in the Republican budget:** Programs critical to urban America would be at risk because of the squeeze on the overall discretionary funds proposed. The assumptions made in the Republican budget resolutions show that programs important to urban America would be a low priority in competition for those funds:

- The Senate Budget Resolution proposes \$5.3 billion in 2000 for community and regional development, \$3.4 billion or 39.2 percent less than a freeze and \$3.6 billion or 40.7 percent less than the President's budget. This would mean a massive reduction to the **Community Development Block Grant Program (CDBG)**, one of the most popular and flexible sources of funds that mayors and governors use to improve economic opportunity and housing in low-income communities. Thousands of local neighborhood improvement efforts would be jeopardized. Cuts of 40 percent in this set of HUD programs would translate into a loss of assistance to 82,000 homes and loss of support for 114,000 jobs in low-income areas.



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## Republican Budget

### Shortchanges Education and Training

March 19, 1999

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Building on the success of six years of fiscal discipline and the virtuous economic cycle it created, President Clinton has proposed a budget that includes a more than \$3.4 trillion debt reduction lock-box that extends the solvency of Social Security until 2055 and extends Medicare's solvency for more than a decade. The President's budget continues to place top priority on investments in education, including:

- ✓ **Performance Accountability:** \$200 million in Title I to hold States and school districts more accountable for raising student achievement.
- ✓ **21st Century Community Learning Centers/After-School and Summer School Programs:** \$600 million for the 21st Century/After-School program, an increase of \$400 million over the FY 1999 level to help schools end social promotion through extended learning time.
- ✓ **New Qualified Teachers and Smaller Class Sizes:** \$1.4 billion as the second installment of the President's plan to help schools recruit, hire, and train 100,000 new teachers by 2005 and reduce class size in the early grades.
- ✓ **Tax Credits to Build Modern Schools for Our Children.** A centerpiece of the President's tax cut agenda is to provide Federal tax credits to support nearly \$25 billion in bonds to build and renovate public schools at a cost of \$3.7 billion over 5 years.
- ✓ **A \$963 Million Three-Part Initiative To Close America's Skills Gap:** 1) \$190 million increase for adult education and family literacy initiative. 2) \$368 Million increase for a universal re-employment initiative. 3) \$405 million increase for a youth employment initiative.
- ✓ **Expanding Head Start:** A \$607 million increase that will add 42,000 new slots for young children, including 7,000 Early Head Start slots, for total enrollment of 877,000 and on track to meet the one million participation goal by 2002.

The Republicans have responded with a proposal that puts top priority on a tax cut which explodes in cost and is targeted away from the middle class. Republicans have talked about making education a higher priority, but the actions in this budget are in the other direction. Because the tax cut is so large and consumes the entire on-budget surplus, the funds available for critical investments in education would be squeezed dramatically.

**The Republican budget would require a more than 10 percent cut in 2000 and over 20 percent cut in 2004 unprotected discretionary programs.** This would have a devastating impact on critical education, training, and other programs for children:

- **Head Start** funding would be less than FY 1998 levels, a reduction of \$1.1 billion from the FY 2000 Budget. A reduction of this magnitude would roll back all expansion progress made under the Clinton Administration, cutting services to up to 100,000 children, and making it practically impossible to reach the goal of serving one million children in Head Start by 2002. By 2004, Head Start enrollment would drop below FY 1999 levels by over 230,000 children.
- **Work Study** would be cut by \$106 million from the FY 1999 level of \$870 million, to the lowest level since FY 1996. The number of students served would decrease by 112,000, from 930,000 in FY 1999. If the Republican plan were assumed to continue through FY 2004, over a quarter of a million fewer students (257,000) would have the chance to work their way through college than in FY 1999.

- **TRIO** funding would decrease by \$73 million, from \$600 million in FY 1999. As a result, approximately 117,000 fewer students would receive college preparation and support services in FY 2000 than in FY 1999. By FY 2004, the Republican plan would cut 224,000 disadvantaged students from TRIO programs.
- **GEAR-UP** would be reduced \$15 million, from \$120 million in FY 1999. This funding level would not be sufficient to fund non-competing continuation awards from FY 1999. Approximately 5,900 fewer low-income students would receive early intervention services in FY 2000 than in FY 1999. The Republican plan would further cut GEAR-UP so that more than 36,000 fewer students would receive services in FY 2004 than in FY 1999.
- **Dislocated Worker Assistance** would be cut by \$171 million below FY 1999, denying training, job search assistance, and support services to about 90,200 dislocated workers. In FY 2004, the Republican plan would deny services to over 205,600 dislocated workers.
- About 73,100 **training and summer job opportunities for low-income youth** would be eliminated. In FY 2004, about 166,000 low-income youth would be denied training and summer job opportunities.
- This reduction could terminate **Jobs Corps'** planned 4-center expansion and/or force Job Corps to close 5-6 other centers in 2000. This could eliminate about 5,000 residential training slots for extremely disadvantaged youth in 2000. In 2004, this could result in over 11,000 students being denied the opportunity to participate in Job Corps.
- The **Child Care and Development Block Grant (CCDBG)** would be reduced by \$122 million, eliminating child care assistance for up to 34,000 low-income children. By 2004, the number of children receiving assistance would drop below FY 1999 levels by up to 79,000 children.
- **WIC** funding would be cut to below FY 1995 levels, a reduction of over \$480 million from the FY 1999 level of \$3.9 billion, eliminating nutrition assistance for over 875,000 low income women, infants, and children each month. Furthermore, if the Republican plan were assumed to continue through FY 2004, funding for the program would be reduced by \$1.1 billion below the FY 1999 funding level, cutting approximately 1.9 million participants from the program.



Jose Cerda III

03/19/99 12:24:47 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP, Leanne A. Shimabukuro/OPD/EOP

cc:

Subject: crime spending cuts

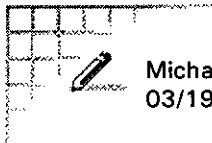
BR:

I just talked to Deich about circulating this to the cops. I can't believe it...the R's walked right into the cops trap. Their budget says repeatedly that they "assume planned reductions in the Violent Crime Reduction Trust Fund." The only planned reduction is COPS falling from \$1.4 billion to \$300 million. We won't get a better budget hit than this on crime.

...though we're still trying to get our hands on Hatch's bill.

Jose'

----- Forwarded by Jose Cerda III/OPD/EOP on 03/19/99 12:23 PM -----



Michael Deich  
03/19/99 12:06:55 PM

Record Type: Record

To: Jose Cerda III/OPD/EOP

cc:

Subject: crime spending cuts



domenici-cuts-1.w

## CHAIRMAN DOMENICI'S BUDGET PLAN WOULD CUT SPENDING FOR ADMINISTRATION OF JUSTICE PROGRAMS

Senate Budget Committee Chairman Domenici's budget plan proposes \$23.5 billion for Administration of Justice Programs in FY 2000 -- 6 percent below the FY 1999 enacted (not including emergency supplementals) and 12 percent below the President's FY 2000 budget request. The Chairman's mark assumes **elimination of the COPS program and cutting all other spending below 1999 levels**. If the appropriators choose instead to preserve the COPS program and then reduce spending 6 percent across all programs:

- The **Drug Enforcement Agency (DEA)** would be cut \$74 million from the FY 1999 enacted level of \$1.23 billion. This cut could result in a reduction of approximately 577 DEA agents.
- The **Immigration and Naturalization Service (INS)** would be cut \$111 million from the FY 1999 appropriated level of \$1.855 billion in the enforcement account. This cut could result in a reduction of approximately 1,031 Border Patrol agents or a reduction of approximately 3,960 detention beds necessary to incarcerate criminal aliens and illegal border crossers.
- The **Federal Bureau of Investigation (FBI)** would be cut \$178 million from the FY 1999 appropriated level of \$2.962 billion. This cut could result in a reduction of approximately 1,469 FBI agents.
- The **Federal Prisoner Detention** program run by the U.S. Marshals Service would be cut by \$26 million from the FY 1999 appropriated level of \$425 million. This cut would result in a reduction of approximately 1,226 criminal detention beds in FY 1999.

In contrast, the President's Budget continues the COPS program through a \$1.3 billion 21st Century Policing Initiative and expands overall spending for justice programs.